



COUNTY OF LOS ANGELES

CHIEF INFORMATION OFFICE

500 West Temple Street
493 Kenneth Hahn Hall of Administration
Los Angeles, CA 90012

JON W. FULLINWIDER
CHIEF INFORMATION OFFICER

Telephone: (213) 974-2008
Facsimile: (213) 633-4733

May 2, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

APPROVAL OF FIRST AMENDMENT TO MASTER SERVICES AGREEMENT WITH MICROSOFT CORPORATION TO UPDATE FEE SCHEDULES (ALL DISTRICTS - 3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the enclosed First Amendment (the "First Amendment") to the Master Services Agreement with Microsoft Corporation approved May 24, 2005 as Agreement No. 75272 (the "Agreement"), to update the respective fee schedules for Microsoft Premier Support Services (PSS) and Microsoft Consulting Services (MCS), pursuant to the terms of the Agreement.
2. Instruct the Mayor to sign the First Amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Agreement provides County departments access to technical resources that can only be obtained from Microsoft to assist with planning and ensuring the sustaining viability of services reliant on Microsoft technologies. Microsoft products serve an essential role in the effective operation of the County's computer systems. These services include Internet/Intranet websites, SQL databases, document file/retrieval, network printing, email/calendar services, electronic spreadsheets, Internet web browsing, word processing, presentation development, directory services, and personal computer/server operating systems. The Agreement provides a structure that streamlines and standardizes the acquisition process for Microsoft services across the County.

Specifically, the proposed First Amendment provides for an increase in service rates that is permitted under the terms of the Agreement and conforms to contractual restrictions set forth therein. With respect to Microsoft Premier Support Services, the proposed increase for PSS fee rates is at most three percent (3%) (some PSS fees remain unchanged), to be effective on May 24, 2006. The Agreement provides that on the first and subsequent anniversary of the Effective Date, the fees for PSS will be increased by the percentage increase, if any, Microsoft has applied to its published Public Sector Rates for the then-current Fiscal Year, but not to exceed three percent (3%). The increases shall be applied only to PSS Statements of Services executed after the applicable anniversary.

With respect to Microsoft Consulting Services, the proposed rate increase for an MCS Senior Consultant is \$253 per hour from \$245, a little more than a three percent (3%) increase (which is below the five percent (5%) maximum allowed under the Agreement), to be effective on July 1, 2006. The Senior Consultant hourly rate only applies to investigative services for warranty claims under MCS fixed price services. The Agreement contains no provision for rate increases with respect to MCS, except for warranty claim investigative services when Microsoft determines upon investigation that that there was no deficiency. The rate increase, if any, in this situation will be to Microsoft's then-current Public Sector Published rate for Senior Consultant, but not to exceed five percent over the last rate, on each fiscal year commencing July 1, 2005. All MCS projects shall be performed on a fixed price basis.

Implementation of Strategic Plan Goals

The services provided by the Agreement support the County Strategic Plan Goals for Service Excellence (Goal 1, Strategy 2: Implement programs to improve the efficiency, quality and responsiveness of County services to all residents) and Organizational Effectiveness (Goal 3, Strategy 6: Complete the implementation of one or more standard technology components for facilitating electronic information-sharing between County departments to support the County Strategic Plan and Departmental missions). These services allow departments to better plan, design, implement, manage, and support the computer systems using existing and planned Microsoft technologies. As the County continues to deploy Microsoft products to support improvements in service delivery, the Agreement will serve an increasingly important role in allowing the departments to achieve the County's strategic goals.

FISCAL IMPACT/FINANCING

By approving this First Amendment, your Board is adjusting the fee schedules under which Microsoft services will be acquired, as permitted under the terms of the Agreement and conforming to contractual restrictions set forth therein. The proposed rate increases are at most 3% for Microsoft Premier Support Services and 3.3% for Microsoft Consulting Services, both within the maximum allowed under the Agreement. The County is not obligated to expend any funds until a Statement of Services (SOS) is

executed. Each SOS will be governed by the terms and conditions set forth in the Agreement. Expenditures over the term of the Agreement and the expenditures in any given year will remain within each department's budgeted appropriation for such services. Funds for payment of work performed in future fiscal years will be subject to appropriation by your Board. The administrative provisions of the Agreement require confirmation that funding is available before the individual SOS is executed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The attached First Amendment has been approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Agreement and proposed First Amendment will provide County departments access to Microsoft Premier Support Services and Microsoft Consulting Services. These are unique technical services from Microsoft, for Microsoft technologies/products, which are used in mission and non-mission critical business systems throughout the County.

CONCLUSION

We request that your Board approve the enclosed First Amendment to the Agreement to update the services fee schedules, pursuant to the terms of the Agreement.

Following execution by your Board, please return to my office three (3) executed copies of the First Amendment.

Respectfully submitted,



JON W. FULLINWIDER
Chief Information Officer

JWF:DH:sjc

Attachments (3)

c: Each Department Head
Chair, Information Systems Commission

**FIRST AMENDMENT TO
MASTER SERVICES AGREEMENT
BY AND BETWEEN
MICROSOFT CORPORATION AND
COUNTY OF LOS ANGELES**

This First Amendment to Master Services Agreement (this "First Amendment") is entered into as of the ____ day of _____, 2006 by and between the County of Los Angeles, a political subdivision of the State of California ("County"), and Microsoft Corporation, a Washington State corporation ("Microsoft"). The County and Microsoft are sometimes hereinafter referred to collectively as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, the Parties entered into that certain Master Services Agreement which was adopted by County's Board of Supervisors on May 24, 2005 as Agreement No. 75272 (the "Agreement") with respect to the procurement by County of Microsoft Premier Support Services (PSS) and Microsoft Consulting Services (MCS); and

WHEREAS, the Parties now wish to amend the Agreement to (i) update the PSS fee schedule set forth as Exhibit A2 ("PSS Fee Schedule") to the Agreement, and (ii) update the MCS fee schedule set forth as Exhibit B2 ("MCS Fee Schedule") to the Agreement, pursuant to the terms of the Agreement.

NOW, THEREFORE, pursuant to Section 22 (Change Notices and Amendments) of the Agreement and in consideration of the mutual covenants of the Parties contained herein and in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Effective as of May 24, 2006, Exhibit A2 ("PSS Fee Schedule") of the Agreement shall be deleted in its entirety, and shall be replaced with a new Exhibit A2 ("PSS Fee Schedule"), a true and correct copy of which is attached hereto and incorporated herein by this reference.
2. Effective as of July 1, 2006, Exhibit B2 (MCS Fee Schedule) of the Agreement shall be deleted in its entirety, and shall be replaced with a new Exhibit B2 (MCS Fee Schedule), a true and correct copy of which is attached hereto and incorporated herein by this reference.

3. Except as otherwise specifically provided under this First Amendment, the Agreement, and the respective rights and obligations of the Parties thereunder, remain as previously written and in full force and effect.

IN WITNESS WHEREOF, the County of Los Angeles and Microsoft Corporation have caused this First Amendment to be executed by and through their respective and duly authorized representatives on the day and year above first written.

COUNTY
COUNTY OF LOS ANGELES

By _____
Mayor, Board of Supervisors

ATTEST:

JOANNE STURGES
Acting Executive Officer and Clerk
Board of Supervisors of the County of Los Angeles

By _____

MICROSOFT
MICROSOFT CORPORATION

By David T. Halligan
Title Group Manager, Contracts

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By Jose Silva
Jose Silva
Principal Deputy County Counsel

PSS Fee Schedule**Public Sector Published Price List for LA County****Premier Support Line Item Pricing***

Technical Account Manager (TAM) Hourly Rate (Inclusive of Support Account Management and Support Assistance)	\$177/hr	Entry level Statement of Service requires a minimum of 160 hours. This hourly component is required to be purchased in conjunction with Problem Resolution Incidents. Additional hours may be purchased as necessary during the Statement of Service's Standard Period of Performance.
Problem Resolution Incident	\$772 each	Entry level Statement of Service requires minimum of 10 Incidents. Additional incidents (5 minimum) may be purchased during the Statement of Service's Standard Period of Performance and requires the purchase of 4 hours of TAM time per incident.
Alliance Support Technician	\$208/hr	Purchased in conjunction with a dedicated TAM and minimum 400 hours. AST time not to exceed TAM hours.
Application Development Consultant	\$208/hr	Purchased in minimum blocks of 200 hours
TAM Onsite Visit	\$2000	2 days for each visit. Site visit charge is per SOS. This is a flat rate & includes T & E.
ROSS On-site Visit	\$3,862	1 Day Visit
ROSS On-site Visit	\$6,180	2 Day Visit
TechNet Plus Subscription	\$1000	Maximum of 10.
Visual Studio 2005 with MSDN Premium Subscription	\$1999	Maximum of 10.
Workshops	\$5,407 for one day/ \$7,416/ For two days	One day workshop based on dedicated delivery to a single customer. Customization available

Note:

* EFFECTIVE MAY 24, 2006.

All Rates are *fully-burdened*. No additional payments shall be made by County associated with travel, meals, expenses, incidentals, sales tax or any other costs not explicitly defined in EXHIBIT A2.

POINT OF CONTACT FOR MORE INFORMATION:**PREMIER SUPPORT*****Margaret Gardiner***

Premier Contract Executive

Phone (425) 704-4864

FAX (425) 708-0417

margardi@Microsoft.com

Microsoft® **Services**

**Hourly rate for Warranty Claim Investigative Services referenced under
Section 16.2 MCS Fixed Price Services Warranty:**

MCS SENIOR CONSULTANT

\$253.00 per hour*

* EFFECTIVE JULY 1, 2006. Microsoft will charge a not-to-exceed 5% escalation fee year-over-year for subsequent fiscal years commencing July 1st, or Microsoft's then current Public Sector Published rate for Senior Consultant, whichever is less.